

ORIGINAL

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPARTMENT OF TRANSPORTATION

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DOCKET SECTION

1988 U.S. -JAPAN COMBINATION
SERVICE PROCEEDING

DOCKET OST-98-3419

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CONSOLIDATED REPLY
OF HAWAIIAN AIRLINES, INC.

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February 20, 1998

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1988 U.S.-JAPAN COMBINATION
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**CONSOLIDATED REPLY
OF HAWAIIAN AIRLINES, INC.**

Pursuant to the Department's February 3, 1998 Notice, Hawaiian Airlines, Inc. ("Hawaiian") submits its Reply to the Answers filed by competing applicants and other interested entities.

The Answers submitted in opposition to Hawaiian's application are, if nothing else, predictable and unnecessary at this stage of the proceeding. As the only truly interested applicant for the fifth (5th) designation proposing to commence service after the year 2000,^{1/} Hawaiian urges the Department to immediately reserve seven (7) frequencies for the fifth designee and stay all proceedings relating to that designation."'

Nevertheless, if the Department concludes that consideration of all frequencies and designations should continue in the present

^{1/} US Airways seeks immediate designation, and only requests the fifth designation as "backup." TWA's application seeks designation for immediate service yet acknowledges it cannot commence that service until June 6, 1999. TWA's application does not conform to the fourth designation's requirement for "immediate" service, and it can in no way be construed as seeking the fifth designation.

^{2/} See Motion of Hawaiian Airlines, Inc. to Establish Frequencies and Stay Fifth Designation Proceedings filed February 20, 1998.

proceeding, Hawaiian will present evidence establishing that its application is the sole proposal to provide new non-stop service in a market with high demand and which is not already adequately served through other gateways. In addition, the application will illustrate that Hawaiian's unique experience compels Hawaiian's selection for the fifth designation accompanied by seven frequencies.

Further, and notwithstanding the City of Philadelphia's expertise in the Hawaiian market, Hawaiian annually serves thousands of Japanese tourists who presently are forced to change aircraft in Honolulu to reach Maui, one of the premier resort and tourist destinations in the world. By contrast, the direct service proposal of US Airways would merely supplement a fully served East Coast market with only the promise of marginal additional convenience, at best, but with no demonstrated ability to compete against the carriers presently serving that market; carriers with far more experience in the Pacific than US Airways, which demonstrably has none.

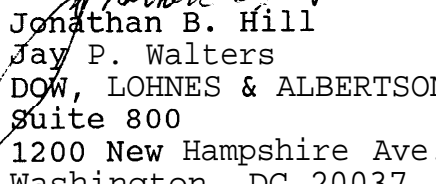
Likewise, as evidenced by the restrictions on service to the New York-Osaka city-pair, the Continental request for year 2000 frequencies appears to add only marginally to the service already provided by both domestic and international carriers serving Japan through numerous direct and connecting flights.

Although a designated carrier, Continental/Continental Micronesia seeks to absorb fourteen additional frequencies for

additional service from Honolulu, delaying service until the year 2000.² Exclusive of the multitude of connecting flights, twelve (12) direct daily flights on four carriers serve the Honolulu-Tokyo city-pair, and five (5) direct daily flights serve the Honolulu-Osaka city-pair.

Finally, contrary to the hollow assertions in the Answers of the participating carriers and their third-party proxies, Hawaiian will file evidence in its direct case that not only shows it is the only party truly interested in the fifth designation, but also that it is the only fifth designation applicant proposing service in a novel, desirable and under served market.

Respectfully submitted,



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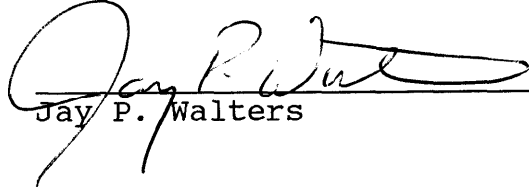
Counsel for
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February 20, 1998

³/ The applications of Continental Micronesia and Continental combine to seek year 2000 service for 28 frequencies -- almost one-third of the frequencies available under the MOC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Consolidated Reply of Hawaiian Airlines served this 20th day of February via first class mail on the following:


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